



COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE

1000 Washington Street, Suite 810 • Boston, MA 02118-6200
(617) 521-7794 Toll-free (877) 563-4467
<http://www.mass.gov/doi>

CHARLES D. BAKER
GOVERNOR

KARYN E. POLITO
LIEUTENANT GOVERNOR

HEALTH COVERAGE
Filing Guidance Notice 2017-D

TO: Health Insurance Carriers Submitting 2018 Rate Filings Subject to M.G.L. c. 176J

FROM: Mary Hosford, Health Actuary, Health Care Access Bureau, Division of Insurance
Edith Boucher Calvao, Health Actuary, Health Connector

DATE: June 15, 2017

RE: Factoring Federal Funding of Cost-Sharing Reduction (“CSR”) Payments in the
Filing of 2018 M.G.L. C. 176J Rates

In light of continued uncertainty regarding federal CSR payments, the Division of Insurance (“Division”) and Commonwealth Health Insurance Connector Authority (“Health Connector”) inform insurance carriers regarding the submission of filings required under M.G.L. c. 176J, § 6, for rates to be effective beginning January 2018 for coverage issued or renewed to merged market (individual/small group) members.

Federal Funding of Cost Sharing Reduction Payments

CSR payments have been funded directly by the federal government as a consumer benefit to lower the amount that certain consumers would pay for health plan cost-sharing (*i.e.*, copayments, coinsurance and deductibles). Under federal regulations, the CSR payments are for those members who enroll in designated silver tier plans offered through the Health Connector in Massachusetts.

As of the date of this notice, the federal government has not confirmed that it will continue to fund CSR payments for plans covering individuals earning up to 250% of the federal poverty level or for eligible American Indians/Alaska Natives. Carriers are notified that, when filing materials for rates to be effective January 2018, they should submit rate filing materials based on the assumption that carriers will be reimbursed throughout 2018 for CSR payments, as specified in the federal Patient Protection and Affordable Care Act (ACA).

In addition to these rate filing materials, Carriers have been directed to submit information regarding the potential financial and member impact if CSR payments are ceased, via a Special Examination request. While this illustrative information will not be used for rate-making purposes and will remain confidential at a company-specific level under M.G.L. c. 175, § 4, M.G.L. c. 176A, § 7, M.G.L. c. 176B, § 9 and M.G.L. c. 176G, § 10, the information will assist the Division and Health Connector in gauging the potential merged market impact of federal CSR payment withdrawal.

If 2018 CSR Payments Are Officially Ceased

Supplementary Rate Filings

In the event that the federal government officially and definitively communicates that CSR payments will be substantially altered, reduced, or discontinued in 2018, the Division and Health Connector will permit impacted Carriers to submit a supplementary rate filing to account for the impact of the ceased CSR funding. The Division and the Connector will work closely with Carriers and issue subsequent clarifying guidance that will be intended to compress the timeline for the filing, review, and approval of rates in order to expedite the time that revised rates will be brought to market.

Supplementary rate filings should be sent only after the Division has notified Carriers about the official communication from the federal government regarding the ceased CSR payments. The Division and Health Connector will only accept these supplementary filings for 10 business days after the Division notifies carriers about an official CSR communication. Carriers will only be able to implement the filed supplementary rates in the absence of stopgap funding from other sources.

Format of the Supplementary Rate Filing

If Carriers are permitted to submit a supplementary rate filing, then the supplementary rate filing may only modify the previously submitted filing to account for the elimination of CSR funding. Carriers will not be permitted to amend any other assumptions within the filing and may only modify rates prospectively. If the revised rates in the supplementary rate filing are placed on file, then those rates will be effective for existing members as well as new members who enroll on or after the effective date of the revised rates.

The Division will work closely with Carriers to develop a standard method to submit the CSR supplementary filing and distribute an amended rate filing data collection template with instructions about how to submit material explaining the assumptions and the basis of any loading associated with the official elimination of CSR funding. Although Carriers may wish to create a supplementary rate filing to submit to the Division in advance of an official CSR communication – a pocket filing – the Division instructs Carriers not to submit any such supplementary rate filings until the Division notifies Carriers about an official CSR communication from the federal government.

Review of Supplementary Rate Filings

It will be the Division's intent to expedite the review of complete supplementary filings and to notify Carriers of any rate disapproval of the supplementary filings within a period lasting no more than 15 business days after the Division's receipt of a complete supplementary filing. In order to meet the expedited review timelines, Carriers would be expected to respond to any and all questions raised by the Division about a supplementary filing within 2 business days of receipt of such questions.

Enrollment Period

In the event that supplementary rates are placed on file, those members who are impacted by the revised rates will become eligible for an enrollment period that will take place during the thirty-day period prior to the effective date of the revised rates. Only members that are impacted by revised rates may purchase health plans during the enrollment period. All carriers offering products within the Merged Market shall permit the impacted members to enroll for coverage that extends through the remainder of the calendar year. The Division and the Connector will work closely with Carriers and issue additional guidance that will outline the enrollment period resulting from a refiling,

including but not limited to eligibility redeterminations, noticing, communications, system activities, billing, and enrollment.

Each Carrier that submits a supplementary rate filing will be required to send a notice to all impacted members on the day that it submits its supplementary filing to the Division, unless the Health Connector has communicated to the Carrier that it will send such notice on behalf of the Carrier, on a timeline approved by the Division. The notice will explain the reasons for the proposed rate change, the date on which the Carrier intends the proposed rates to be effective, and an explanation of the enrollment period that will apply to the impacted member.

If you have any questions about this Notice, please contact Mary Hosford at 617-521-7358 or mary.hosford@state.ma.us.